# GOVERNMENT OF INDIA
# MICRO, SMALL AND MEDIUM ENTERPRISES
# LOK SABHA

UNSTARRED QUESTION NO:1615
ANSWERED ON:11.03.2008
EMPLOYMENT IN RURAL AREAS
Yaskhi Shri Madhu Goud

**Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:**

(a) whether there is tremendous scope to manufacture products from raw materials available in rural areas and exporting them to enable the people to get employment;

(b) if so, the details of schemes chalked out by the Government in this regard;

(c) the details of assistance likely to be provided by the Government in this regard;

(d) whether the Government has selected some districts for this purpose; and

(e) if so, the details thereof?

## Answer

MINISTER FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a) to (c): Yes, Sir. The Government has been implementing the following schemes through the Khadi and Village Industries Commission (KVIC) in this regard.

(1) For Village Industry (VI) sector, a Central sector credit-linked subsidy programme, called the Rural Employment Generation Programme (REGP) for assisting the entrepreneurs in establishing VI units, in rural areas and small towns with population upto 20,000, by availing of margin money assistance from KVIC and loans from public sector scheduled commercial banks, selected regional rural banks, cooperative banks, etc., for projects up to a maximum cost of Rs. 25 lakh. During 2006-07, margin money assistance amounting to Rs. 349.79 crore was provided for various VI units assisted during the year, besides financial support amounting to Rs. 7.94 crore for various backward and forward linkages.

(2) For Khadi sector the financial assistance is provided through the following Schemes.

(i) Interest Subsidy Eligibility Certificate (ISEC) Scheme for making the working capital available to the khadi institutions from banks at a concessional rate of interest of 4 per cent per annum. The institutions have to pay an interest of only 4 per cent and the difference between the actual rate of interest and the 4 per cent is paid by KVIC as interest subsidy to the banks. For assisting the khadi institutions in undertaking their manufacturing activities, Rs. 214.61 crore was made available during 2006-07.

(ii) Khadi institutions are permitted to retain the working capital earlier made available to them from the budgetary resources through KVIC, as working fund, so long as they maintain certain level of agreed production/sales. As on 31.03.2007, Rs. 424.59 crore was made available to the khadi institutions as working fund.

(iii) Rebate on sale of khadi and khadi products. During 2006-07, Rs. 101.47 crore was provided as sales rebate to the khadi institutions under this scheme.

(3): For exploring international market, a scheme to conduct exhibitions/participate in trade fairs, etc. abroad, is in vogue, under which the khadi institutions/village industry units are provided with the following incentives:

(i) 75 per cent of the Air Fare Travel by economy class or train fare, as the case may be to one representative each of the participating units of the general category while 100 per cent of such airfare is to be provided to one representative each of the participating units belonging to women entrepreneurs, SC/ST entrepreneurs and entrepreneurs from North Eastern Region, etc.

(ii) up to 50% of the space rent actually paid is reimbursed. In case of women entrepreneurs, SC/ST entrepreneurs and entrepreneurs from North Eastern Region, etc., reimbursement of space rent is 100%.

(iii) Assistance for space rent and travel expenses for each participating entrepreneur/unit would be limited to Rs. 1.25 lakh.

As a result of export promotion measures of KVIC, during 2006−07, khadi and village industry products valued at Rs. 53.73 crore have been exported.

(d): No, Sir.

(e): Does not arise.